

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 EB-07 EUR-12 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /089 W
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P 051540Z FEB 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 1190

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E.O. 11652: N/A

TAGS: EIN, CG

SUBJ: MOBIL/TEXACO COMPENSATION

REF: STATE 025783

1. WE HAVE BEEN IN CLOSE TOUCH WITH BOTH MOBIL AND
TECACO REPS AND HAVE ESSENTIALLY THE SAME READ-OUT
AS REPORTED REFTEL. IN OPENING ROUND OF COMPENSATION
NEGOTIATIONS FEB 3, GOZ ANNOUNCED TWO "PRINCIPLES"
WHICH WILL GUIDE EVOLUTION OF TALKS: (A) CONCEPT OF "VALEUR
SOCIALE" AS BASIS FOR COMPENSATION AND (B) 10 YEARS
AS TIME FRAME FOR REIMBURSEMENT. MOBIL/TEXACO, AS
WELL AS SHELL AND PETRO-FINA, ARE INDEED UNHAPPY WITH
THIS FORMULATION, BUT AGREE WITH US THAT GOZ'S
"PRINCIPLES" NEED TO BE CLARIFIED AND THAT IN PROCESS
OIL COMPANIES MAY BE ABLE TO COME CLOSER TO THEIR
VISION OF PROMPT AND ADEQUATE COMPENSATION.

2. "VALEUR SOCIALE", FOR EXAMPLE, CAN BE NET BOOK
VALUE AS SUGGESTED REFTEL, UNADJUSTED BOOK VALUE
(STOCKHOLDERS EQUITY OR NOT REVALUATION OF ASSETS TO
ACCOUNT FOR REPLACEMENT COSTS)--OR SOMETHING ELSE.

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POINT IS THAT NEGOTIATIONS RPT NEGOTIATIONS HAVE BEGUN

AND THAT BOTH SIDES WILL BE TRYING FOR BEST DEAL.
SIMILARLY, 10 YEARS TIME FRAME MAY BE AMENABLE TO
"FCFRONT LOADING" OR OTHER FORMULA MORE ACCEPTABLE TO
OIL COMPANIES. THEN AGAIN GOZ MAY HAVE FIRMLY
DECIDED THAT ITS NEGOTIATING FLEXIBILITY IS LIMITED BY
COMPENSATION FORMULA ANNOUNCED FOR INTERESTS
ZAIIRIANIZED IN NOV 73--IN WHICH CASE OIL COMPANIES
WILL NOT BE SATISFIED.

3. WE WILL BE LOOKING FOR APPROPRIATE OPPORTUNITIES
TO WIEGH IN ON MOBIL/TEXACO SIDE AS TALKS CONTINUE.
SCHEDULE OF SEPARATE NEGOTIATIONS WITH EACH COMPANY
HAS SHELL UP FIRST THIS WEEK, MOBIL FEB 10,
TEXACO FEB 17 AND PETRO-FINA FEB 24.
HINTON

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